

ACTIVITY/MECHANISM BUDGET SUMMARY
 Department of Health and Human Services
 Indian Health Service
 Indian Health Facilities - 75-0391-0-1-551
Maintenance and Improvement

Program Authorization: Program authorized by U.S.C. 13, Snyder Act and Public Law 83-568, Transfer Act 42 U.S.C., 2001.

	2000 Actual	2001 Appropriation	2002 Estimate	2002 Est. +/- 2000 Actual	2002 Est. +/- 2001 Approp.
Budget Authority					
Less					
Projects.....	\$43,433,000	\$45,331,000	\$45,331,000	+1,898,000	\$0
Total FY 2001					
One-Time					
Projects.....	0	\$1,000,000	0	0	-\$1,000,000
Budget Authority..	\$43,433,000	\$46,331,000	\$45,331,000	+2,898,000	-\$1,000,000

PURPOSE AND METHOD OF OPERATION

FY 2001 Base

The Indian Health Service (IHS) maintains Federal government owned buildings operated by the IHS and supports maintenance and improvement activities where tribally owned space is used for providing health care services pursuant to contract or compact arrangements executed under the provisions of the Indian Self Determination and Education Assistance Act (P.L. 93-638). The Maintenance and Improvement (M&I) program objectives include: (1) Providing routine maintenance for facilities; (2) achieving compliance with buildings and grounds accreditation standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or other applicable accreditation bodies; (3) providing improved facilities for patient care; (4) ensuring that health care facilities meet building codes and standards; and (5) ensuring compliance with executive orders and public laws relative to building requirements, e.g., energy conservation, seismic, environmental, handicapped accessibility, and security.

The IHS Facilities Engineering Plan (FEP) establishes annual M&I workload targets and helps determine the most prudent use of available resources. The FEP is prepared by IHS Areas, service units, and tribal personnel to identify, delineate, and plan facilities related activities and projects to be accomplished during an upcoming fiscal year for the M&I program.

Funds in the M&I account are used primarily to maintain and improve health care facilities. The staff quarters operation, maintenance, and improvement costs are primarily funded with rent collections called Quarters Return (QR) funds. The M&I funds may be used in conjunction with QR funds, at locations with few quarters or where QR funds are not enough to ensure appropriate maintenance.

Status of Facilities:

The physical condition of IHS-owned and most tribally owned facilities are evaluated through annual general surveys conducted by local facility personnel and IHS Area engineers. In addition, comprehensive "Deep Look" surveys are conducted every 5 years by a team of engineers.

These surveys, together with routine observations by facilities personnel, identify deficiencies that are added to the Backlog of Essential Maintenance, Alteration, and Repair (BEMAR) database. The identified BEMAR for IHS and reporting tribal facilities as of January 2001 is \$441,580,000.

The following table summarizes the BEMAR by category:

BEMAR1/

PUBLIC LAW

Life Safety Compliance.....	\$38,925,000
General Safety.....	5,164,000
Environmental Compliance.....	17,929,000
Handicapped Compliance.....	9,836,000
Energy Conservation.....	6,335,000
Seismic Mitigation.....	<u>149,127,000</u>
Sub Total.....	227,317,000

IMPROVEMENTS

Patient Care.....	14,445,000
Program Deficiencies.....	<u>97,164,000</u>
Sub Total.....	111,609,000

MAINTENANCE & REPAIR

Architectural M&R.....	4,206,000
Structural M&R.....	26,054,000
Mechanical M&R.....	33,174,000
Electrical M&R.....	17,803,000
Utilities M&R.....	4,128,000
Grounds M&R.....	17,005,000
Painting M&R.....	250,000
Roof M&R.....	<u>33,000</u>
Sub Total.....	102,654,000

GRAND TOTAL.....\$441,580,000

- 1/ FY 2001 M&I allocation will be distributed for routine maintenance and projects; these projects reduce identified BEMAR deficiencies.
- 2/ Earthquake Hazard Reduction Program Act required IHS to survey and estimate the cost associated with compliance to seismic construction standards. This survey was completed in the Fall of 1998 and added \$149,127,000 in seismic deficiencies.
- 3/ Staff quarter operation, maintenance, and improvement costs are funded through rents collected, called Quarters Return (QR) funds. The M&I funds may be used in conjunction with QR funds, at locations where QR funds are not enough to ensure appropriate quarters maintenance.
- 4/ Projects include air quality improvement, asbestos remediation, and contaminated soil remediation. The IHS will continue conducting comprehensive environmental assessments at IHS/tribal health care facilities. This work is continuing and the assessments have identified

significant additional funding requirements for environmental remediation, approximately \$17.9 million in costs were added this past year.

DISTRIBUTION OF M&I FUNDS

Current Distribution Method

The IHS M&I funds are distributed to four subprograms, routine maintenance, M&I projects, environmental compliance, and demolition:

Routine Maintenance Funds - Amounts are calculated using the IHS M&I distribution formula. Since the early 1990s the IHS has used the University of Oklahoma methodology to calculate routine maintenance funds. Routine M&I funds can be used to pay non-personnel costs for the following activities in IHS and tribally-owned health care facilities: maintenance supplies and materials; preventive maintenance activities; emergency repairs; building service equipment replacement; upkeep activities, training, and local projects.

M&I Project Funds - Amounts are calculated using the IHS M&I distribution formula. The IHS Area Facilities Engineers develop priority lists of large projects to reduce the BEMAR. Generally M&I projects in this subprogram require levels of expertise not available at the local facility. Such projects accomplish major repairs and improvements of primary mechanical, electrical, and other building systems as well as public law compliance and program-related alterations. Program-related alteration projects include changes to existing facilities for more efficient utilization, for new patient care equipment, and for new treatment methodologies.

Environmental Compliance Funds - Many IHS and tribal facilities were constructed before the existence of current environmental laws and regulations. Compliance with current Federal, State, and local environmental regulations has been mandated by the Congress. Environmental assessments identify and evaluate potential environmental hazards. These assessments form the basis of the IHS facilities environmental remediation plan. The IHS has identified approximately \$17,929,000 in environmental compliance tasks and included them in the BEMAR database. Tribally owned health care facilities, while not required to comply with current regulations, can receive assessments upon request by the tribe, but to date none have been completed.

Demolition Funds - The IHS has a number of buildings that are vacant or obsolete and no longer needed. The number currently is estimated at 25-30 buildings. Many of these buildings are safety and security hazards. Demolition of these buildings will reduce the hazards and liability.

FUTURE FACILITIES ISSUES

Several issues have future impact on the ability for IHS to continue to maintain and operate health care facilities. The number of new requirements associated with programs for seismic safety of facilities has increased significantly. In addition, numerous tribal buildings have been added that require maintenance and improvement. These additional buildings have further diluted the amount of funds available at each site.

The environmental issues, as noted previously, continue to expand and new issues such as lead paint removal have a substantial impact on renovation of older IHS facilities.

The IHS provided a seismic report to FEMA in December, 1998. Modifications to IHS Federally-owned and leased facilities needed to comply with seismic construction requirements total more than \$149 million.

Steady State Condition -

The Building Research Board of the National Academy of Sciences (NAS) (*Committing to the Cost of Ownership - Maintenance and Repair of Public Buildings*, 1990) has determined that approximately 2 to 4 percent of current replacement value of supported buildings is required to maintain facilities in their current condition.

This amount would not render a net reduction in existing BEMAR and would not include improvements and alterations nor include staff and utilities operating costs.

The current (2000) replacement value of all M&I eligible facilities are approximately \$1.770 billion.

Funding levels for the past 5 years are as follows:

<u>Year</u>	<u>Funding</u>	
1997	\$38,334,000	
1998	\$39,334,000	
1999	\$40,625,000	
2000	\$43,433,000	
2001	\$46,331,000	Enacted

Accomplishments

A total of \$43,433,000 was appropriated in FY 2000 plus approximately \$4,700,000 million in quarters return funds was collected and distributed.

(1) For routine maintenance and projects: approximately \$26,300,000 was provided to the IHS Areas for daily maintenance activities and projects to maintain the current state of health care facilities; approximately \$13,633,000 was provided to the IHS areas to reduce the identified Backlog of essential Maintenance, Alterations, and Repair (BEMAR); (2) For Environmental Compliance, approximately \$3,000,000 was provided for environmental assessments and environmental remediation projects; and (3) approximately \$500,000 to demolish vacant or obsolete health care facilities replaced through federal funding. IHS will continue these activities in FY 2002.

RATIONALE FOR BUDGET REQUEST

TOTAL REQUEST - The request of \$45,331,000 is a decrease of -\$1,000,000 over the FY 2001 Enacted level of \$46,331,000.

One-Time Projects: Maintenance & Improvement (AMEX) - -\$1,000,000

The Congress provided a one-time \$1,000,000 for the Northwest Portland area Ambulatory Expansion Pilot Project (AMEX) with the understanding that AMEX includes cost sharing in excess of 50 percent.

THIS PAGE LEFT BLANK INTENTIONALLY